



Office of Economic Development

Business Development
Small Business Opportunity
Workforce Development
Housing & Neighborhood Dev



Barriers to Homeownership

■ Buyers Barriers

- Lack information, have credit problems, do not understand the homebuying process
- Can not afford downpayment
- Can not qualify for traditional financing
- Lack of supply of affordable product

■ Developers Barriers

- Lack of affordable financing
- High land costs
- High construction/building costs



Comprehensive Homeownership Programs

- Information & Referral
- Homeownership Counseling
- Downpayment Assistance
- Individual Development Accounts
- Mortgage Revenue Bonds
 - Below market interest & downpayment assistance
- Fannie Mae Line of Credit
 - Below market interest
- Development Subsidy
- Inclusionary Housing Ordinance



Basic Housing Characteristics

“A severe housing problem exists in Denver with respect to the need for moderately priced dwelling units.”

Denver City Council, August 2002



Policy Concerns

- Housing Prices are increasing faster than incomes
- Lack of supply
- Work Force can't afford to purchase
 - Impacts the economy
 - Increases traffic congestion
 - Promote diversity & housing choices
- Preserve Affordability of Homes for future buyers



Public Policy Response

- Rezoning Applications, 1997-2002
- Inclusionary Housing Ordinance, 2002



Rezoning Applications

Interim policy motivated by political and public desire to increase the supply of affordable housing

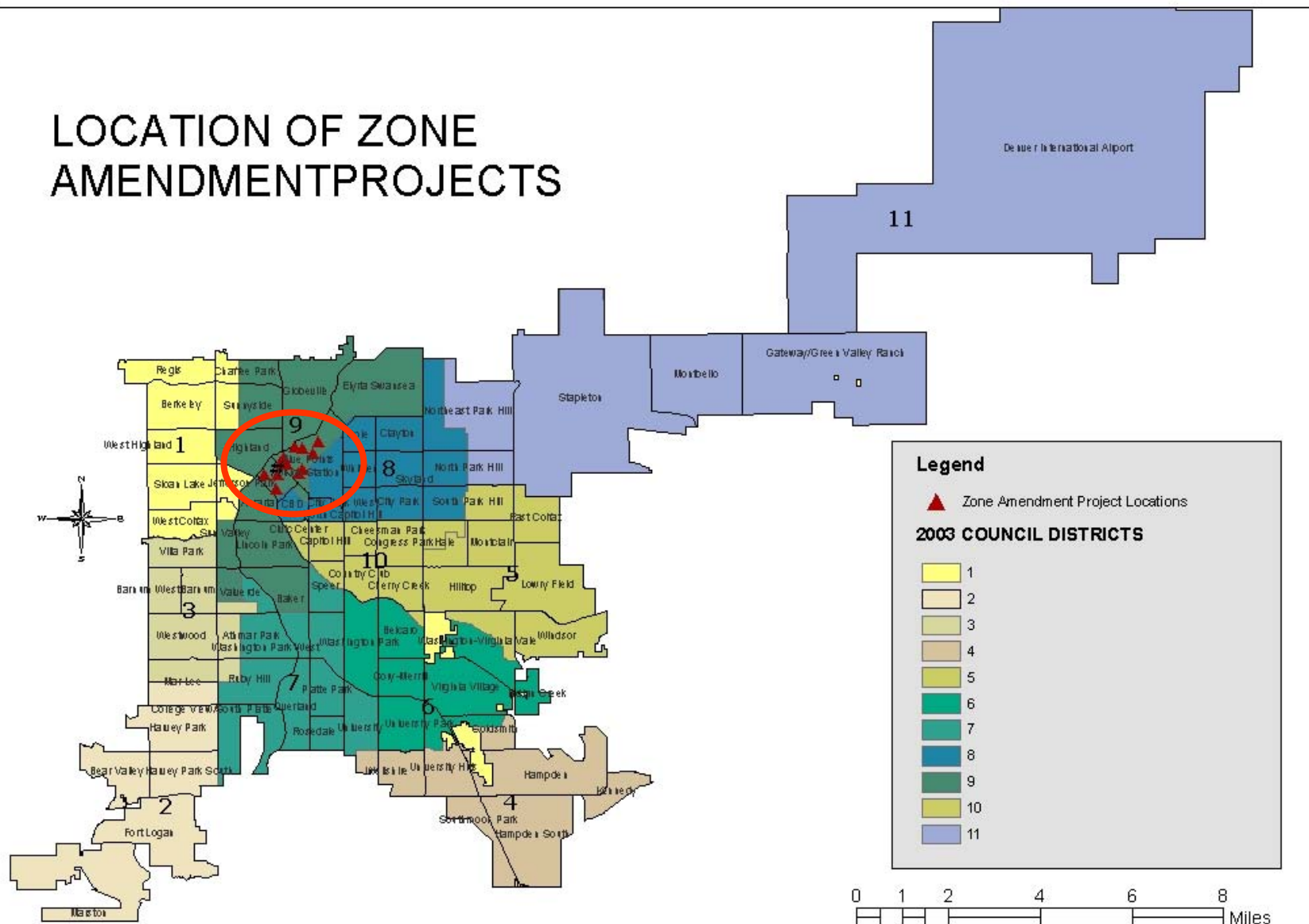
Unit Type	Number	Affordable	Percent
For Sale	3,301	350	10.6%
Rental	1,813	315	17.4%
Total	5,114	665	13.0%
Built	2,262	285	12.6%



Administrative Issues

- Each rezoning is individual agreement
 - Time consuming (up to 2 years)
- Varied control period: 5~20 years
- Purchase price not tied to AMI
- Calculation of resale price varies
- Units concentrated in downtown
- Implementation details vary and are subject to interpretation

LOCATION OF ZONE AMENDMENT PROJECTS



Map Created By City and County of Denver - Housing and Neighborhood Development Services
Data Source: Denver GIS- July 31, 2003



Inclusionary Housing

Replaces rezoning applications as the primary vehicle for delivery of workforce housing in Denver



Goals 1:

Increase the available affordable housing stock to address the increasing demand for workforce housing



Denver's IHO

- To date: 647
- Applies to 30 units or more
- Standard – 80% AMI
 - \$5,000 per unit
 - 10% density bonus
 - 20% parking reduction
 - Expedited review
- High Cost
 - Target AMI 95%



Restrictions/Compliance

- 15 year deed restriction
- Cash-in-lieu



Preserving Affordability

- In exchange for a lower sales price, buyer agrees to limit the price in the future
- Home remains affordable for future buyers without additional subsidy
- Maintains owner-occupancy
- Investment has a lasting impact



Benefits

- Part of a Community
- Financial
 - Lower purchase price
 - Mortgage interest deduction
 - Control costs: financial security
 - Fair equity build up
- Stability
- A place to call home
- A great home at a great price



Goal 2:

Provide for a build up of long term affordable housing stock

Unit Type	Number	Percent
1 Bedroom	4	4.1%
2 Bedrooms	40	40.8%
3 Bedrooms	54	55.1%
Total	98	100.0%



Projects Reporting

SYRACUSE VILLAGE

1 Bedroom: 0
2 Bedrooms: 15
3 Bedrooms: 6
Total Units: 21



ROSLYN COURT

1 Bedroom: 4
2 Bedrooms: 17
3 Bedrooms: 5
Total Units: 26

MORGAN PARK

1 Bedroom: 0
2 Bedroom: 8
3 Bedrooms: 43
Total Units: 51





Sales Prices

The average sales price of all units is 31% less than a market rate condo and 46% less than a single family home

Unit Type	Average Price
One Bedroom	\$123,755
Two Bedrooms	\$140,008
Three Bedrooms	\$150,511
Overall Average	\$145,239

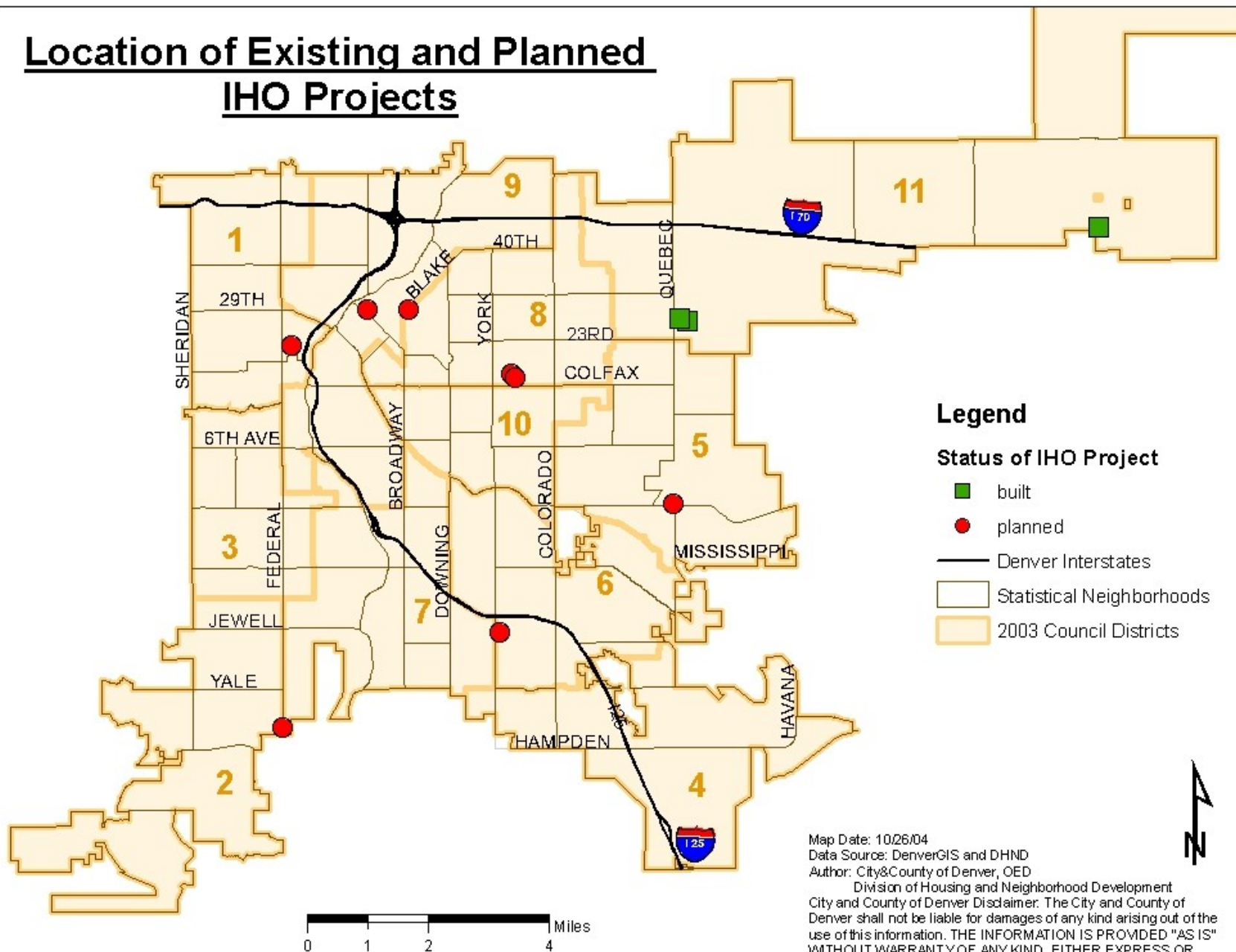


Planned Units

Seven planned developments will provide 190 MPDUs between 2005 and 2006

Unit Type	Number
One Bedroom	70
Two Bedrooms	55
Three Bedrooms	13
Other	52
Total	190

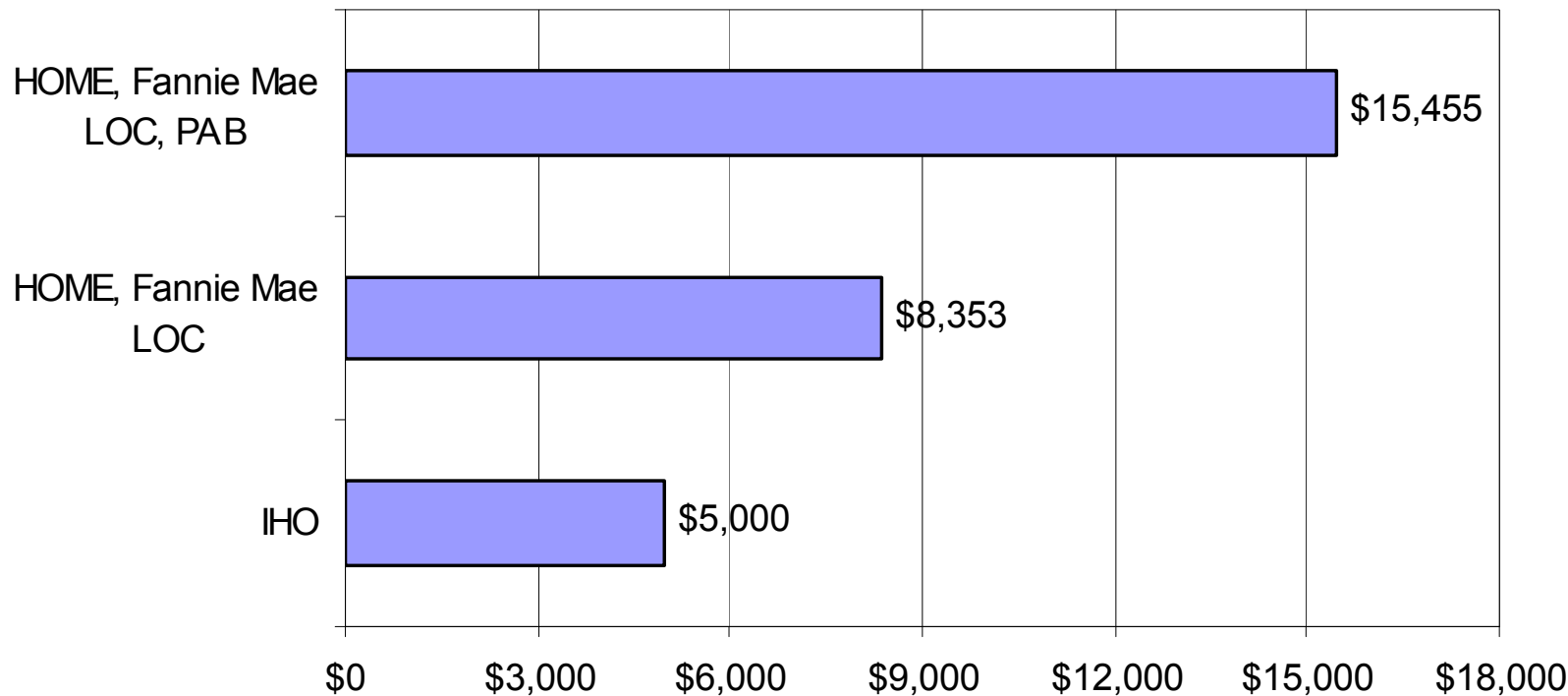
Location of Existing and Planned IHO Projects





Program Comparison

Subsidy Per Unit for H&NDS-Supported Programs



LOC = Line of Credit

PAB = Private Activity Bonds



Challenges

- On-going Management
- Adequate funding for rebates
- Enhancing incentive package to keep pace with developer concerns
- Ensuring that the unit production is consistent with needs of workforce households
- Removing the covenant from the Ordinance for more flexibility in program implementation